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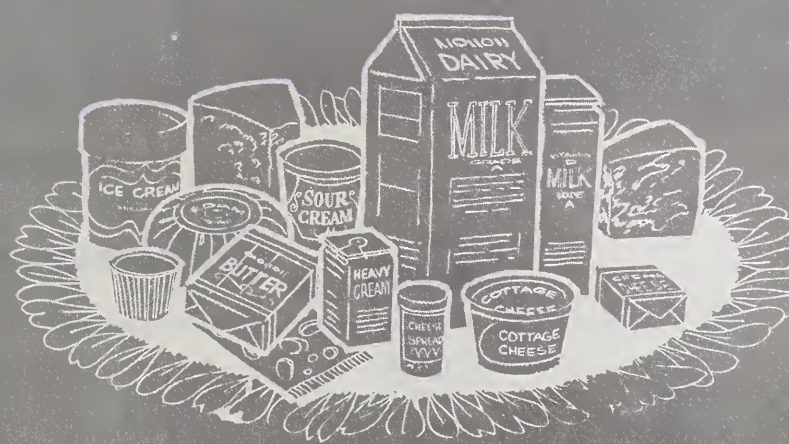
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RESERVE

THE

Market Administrator's BULLETIN

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MARKET ADMINISTRATOR



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Volume 24, No. 8

Use of Surplus Products

The Dairy Situation, Economic Research Service USDA July, 1968

With larger CCC inventories, USDA has moved more dairy products into program uses this year than last. In addition to increased domestic donations of butter during January-May, USDA committed 34 million pounds of butter for foreign donation programs and 20 million pounds to the Armed Services. Do-

mestic donations of cheese in January-May also were above those of a year earlier, and about 1.8 million pounds went to the military. Although January-May foreign donations of nonfat dry milk were less than a year earlier, domestic donations were greater. Also, export sales of nonfat dry milk, at 72 million

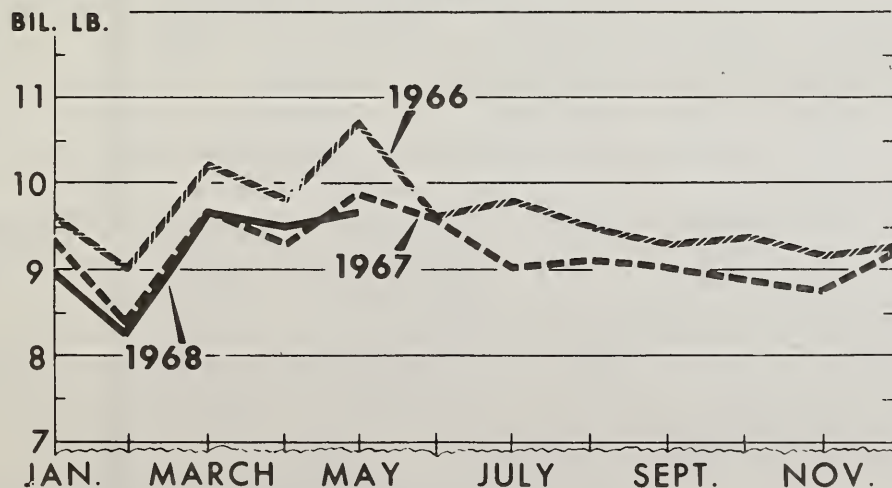
pounds in January-May (9 million commercial and 63 million non-commercial), were sharply above low year-earlier levels.

USDA continues to offer nonfat dry milk for sale to exporters for use in U.S.-owned plants overseas or to supply foreign buyers under Title I of P.L. 480. USDA also continues its offer of nonfat dry milk at negotiated prices to other governments and to recognized charitable agencies for restricted overseas use, such as in school lunch programs. On May 10, 1968, USDA announced the sale of 17.6 million pounds of nonfat dry milk to Japan at 7.85 cents per pound and on June 6 sold 11 million pounds to Brazil, at 8.0 cents per pound for use in school lunch programs. Earlier this year, a sale was made to Mexico for welfare program use.

During the first quarter of 1968, USDA products used in domestic school lunch and welfare programs included 47 million pounds of butter, 34 million pounds of American cheese, and 34 million pounds of nonfat dry milk. Butter and cheese donations to institutions and needy persons were above last year's negligible levels. Domestic program uses of nonfat dry milk were down some-

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COMMERCIAL DISAPPEARANCE OF MILK IN ALL PRODUCTS*



*MILK EQUIVALENT.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5593-68 (6) ECONOMIC RESEARCH SERVICE

The decline in commercial disappearance of dairy products from a year earlier slowed from around 5 percent in January-May last year to about 1 percent this year. Sales of butter, cheese, frozen products, condensed milk, and nonfat dry milk have been ahead of last year's low levels. Sales of fluid whole milk and cream items and evaporated milk continue to decline. But increased use of fluid skim milk and low-fat fluid items is maintaining total fluid milk and cream sales.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

July 1968	June 1968	July 1967
\$5.10	\$4.95	\$4.97
5.88	5.78	5.70
4.18	4.16	3.91
7.8¢	7.8¢	9.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....

68.1	63.7	70.0
63.6	58.7	68.2
31.9	36.3	30.0
36.4	41.3	31.8

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Receipts per Producer	.....
Average Butterfat Test	.....
Total Value of Producer Milk at Test	.....
Income per Producer (7 Day Average)	.....

47,005,869	49,128,072	44,834,708
1,041,463	1,052,610	1,020,510
1,621	1,630	1,577
935	1,004	917
3.57	3.62	3.54
\$2,533,542	\$2,592,277	\$2,326,734
\$352	\$370	\$333

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

30,939,643	30,272,438	30,288,587
1,068,083	1,043,254	1,083,245
32,007,726	31,315,692	31,371,832
14,385,951	17,079,116	12,956,655
612,192	733,264	506,221
14,988,143	17,812,380	13,462,876

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

342,226	348,338	361,465
6,743	5,823	5,806
16,137	16,504	15,209
14,041	16,427	9,567
5,742	5,990	5,977

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ JULY, 1959 - '68

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	26,599,943	3.67	79.6	8.3	4.1	8.0	3.76	4.293	3.893	3.279	2.879	1,749	491
1960	27,223,982	3.67	75.5	7.8	3.5	13.2	3.63	4.206	3.806	3.784	2.883	1,644	534
1961	28,284,509	3.61	73.1	8.8	4.6	13.5	3.89	4.48	4.08	3.499	3.164	1,241	735
1962	31,679,728	3.59	72.7	8.2	5.0	14.1	3.56	4.12	3.752	3.556	2.936	1,311	780
1963	36,129,136	3.55	73.7	8.9	5.8	11.6	3.64	4.19	3.811	3.61	2.99	1,358	858
1964	46,821,764	3.54	71.1	28.9	—	—	3.73	4.26	3.12	—	—	1,668	906
1965	43,692,961	3.5	78.1	21.9	—	—	4.06	4.55	3.17	—	—	1,632	864
1966	41,985,579	3.53	75.0	25.0	—	—	4.94	5.51	4.05	—	—	1,498	904
1967	44,834,708	3.54	70.0	30.0	—	—	4.97	5.70	3.91	—	—	1,577	917
1968	47,005,869	3.57	68.1	31.9	—	—	5.10	5.88	4.18	—	—	1,621	935

Agriculture Department Requests More Quotas on Dairy Products

The U.S. Department of Agriculture has called for the establishment of import quotas on six categories of dairy products and recommended tightening quota controls on two others. The products concerned are: condensed and evaporated milk; chocolate milk crumb; butter-fat-sugar mixtures in retail packages; and four categories of cheese.

The recommendation was made at the U.S. Tariff commission's hearing on dairy products, which is part of an investigation on the need for additional import controls. President Johnson directed the Commission to undertake the investigation at the recommendation of Secretary of Agriculture Orville L. Freeman. The investigation is being conducted under Section 22 of the Agricultural Adjustment Act, as amended.

Speaking for the Department, A. Richard DeFelice, assistant administrator of the Department's Foreign Agricultural Service, said that the dairy price support program is seriously threatened with interference from cut-priced foreign supplies. The import pressures reflect a world dairy surplus which is most acute in Western Europe, where production has been increasing. Butter stocks in the Common Market countries, for example, have increased 140 million pounds in the past year.

The result has been an upsurge of U.S. imports of those dairy items not already subject to import quotas, at prices well below domestic prices.

"We are worried that the U.S. market and the U.S. dairy industry will be forced to bear the burden of trade problems which are not of domestic origin, but rather result from foreign dairy policies," Mr. DeFelice said. "We, therefore, seek to prevent exploitation of our import control system because we know that for the foreseeable future the U.S. market is one of the few markets, and the only major market, where the foreign surplus can find a home"

Mr. DeFelice pointed out that domestic milk displaced by imports has to be purchased, in processed form, by the Commodity Credit Corporation.

The commodities most immediately threatened by foreign competition are condensed and evaporated milk.

Temporary import quotas were proclaimed by President Johnson on these products on June 10. At that time, European canned milk was being offered and imported at prices one-third to one-half below domestic prices. The temporary quotas will remain in effect until the President received and acts upon the Tariff Commission's recommendations. The Department urged that the quotas be continued.

Chocolate crumb is a product used in candy manufacture. It consists of chocolate, milk solids, and sugar. It has been a minor item of trade for some time but in recent years imports have risen rapidly. The Department recommended an import quota at the 1965-67 trade level.

The cheeses on which quotas are being sought are: processed Edam and Gouda; Italian-type cow's milk cheese in original loaves; Swiss cheese; and miscellaneous cheeses falling under the "Other Cheese" classification of the U.S. Tariff Schedules.

The Department emphasized that the main problem is with cheap processed and processing-grade cheeses where price is an incentive for U.S. processors and distributors to buy those rather than domestic cheeses. Imports of these cheeses rose sharply during the first half of this year.

The Department stated that imports of the high-priced specialty cheeses are not interfering with the price support program and that therefore no quotas are necessary for them.

Stricter commodity descriptions were recommended for two items already under quota in order to prevent abuse or evasion. The items are Cheddar cheese aged nine months or more and made from unpasteurized milk, and butter-fat-sugar mixtures in small packages.

The Department's recommendations, Mr. DeFelice said, would enable legitimate trade to continue taking particular account of the interests of consumers in having a wide choice of dairy items of both domestic and foreign origin. At the same time, material interference with the price support program would be prevented and dairy imports held to a tolerable level.

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what from first quarter 1967. This decline may be caused by expansion of the food stamp program and a corresponding decline in the number of persons receiving direct distribution of nonfat dry milk. Total domestic donations of CCC dairy products in 1968 are expected to total about 4½ billion pounds milk equivalent, up from about 3 billion pounds in 1967.

USDA continues to purchase blended food products for use in feeding programs in developing countries. On June 6, 39 million pounds of Formula No. 2 of the blended food product (containing cornmeal, soy flour, nonfat dry milk, vitamins, and minerals) was purchased by USDA at 7.4 to 7.7 cents per pound. So far in 1968, 171 million pounds of this product have been purchased.

In early June, USDA invited offers for evaporated milk and an instant chocolate-flavored milk beverage dry mix to be used in domestic welfare programs, with delivery starting in mid-July. The evaporated milk is to be packed in standard 14½ ounce cans and the beverage mix in 2-pound cartons. The chocolate-flavored mix is to contain not less than 45 percent non-fat dry milk. Purchases have totaled 1.3 million cases of evaporated milk at \$6.38 to \$6.69 per case and 2.4 million pounds of beverage mix at 34 cents per pound.

Market Quotations

JULY
1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.18
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.18
Average Price per lb. 92-score butter at Chicago	.6643
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.2277

Per Capita Civilian Consumption

The Dairy Situation, Economic Research Service USDA July, 1968

Per capita domestic civilian consumption (commercial U.S. sales to civilians, plus USDA donations through domestic civilian programs, and farm use of home-produced milk and dairy products in all forms was the equivalent of 582 pounds of milk in 1967. It is expected to decline about 1 percent in 1968 compared with the 3 percent drop in 1967. The smaller decline is largely due to increased distribution of butter, cheese and nonfat dry milk through CCC programs.

Larger USDA donations of butter through the school lunch and welfare programs may maintain per capita butter consumption at the 5.5 pound level of 1967. This would be the first time in this decade that butter consumption has not declined from the previous year.

Use of fluid milk and cream (milk equivalent) is expected to continue downward by about 2 percent compared with the 4 percent drop in 1967 to 286 pounds per person. Per capita use of cheese and frozen products likely will increase, but that of most other major products, except butter, frozen products, and nonfat dry milk may decline. Per capita use of nonfat dry milk, 5.6 pounds per person in 1967, may be maintained by increased CCC donations for school lunch and welfare, despite the prospective loss of commercial sales because of higher prices.

Each year, 20 percent of all the families in the U.S. change their place of residence. A growing number of these families move to different communities, different states.